



UNITED STATES
ATTORNEY'S OFFICE
DISTRICT OF COLUMBIA
**Community
Prosecution**

The Court Report

Covering the Month of
February 2006

4th Police District

Building Safer Neighborhoods Through Community Partnership

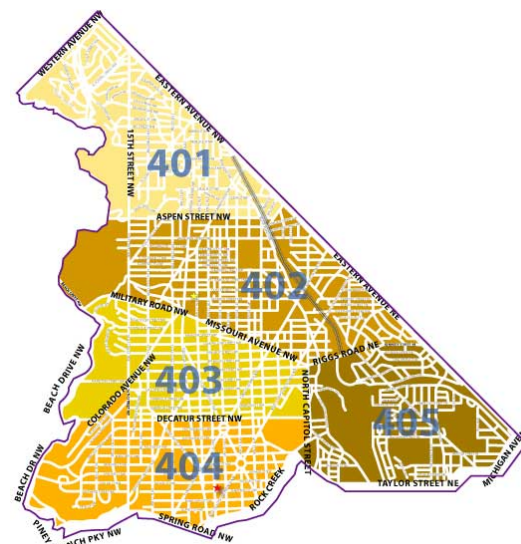
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SUMMARY OF RECENT COURT CASES

- **Michael St. John**, 48, was sentenced to two years in prison after pleading guilty to one count of arson in an incident that occurred in the summer of 2004.
- **Toni A. Mahoney**, 52, pled guilty to receipt of a bribe by a public official. **Mahoney** was sentenced to three months in jail and three months of home confinement for her role. **Mahoney's** co-worker, **Kyra T. Walker**, 27, with whom she was engaged in the bribery scheme, also plead guilty to bribery and was sentenced earlier this week to 12 months in jail.
- **Akiuber Ndomoro James**, 44, was arrested following his indictment on charges of health care and wire fraud, false statements and money laundering stemming from his operating a transportation company, Voice of Social Concern, Inc. ("VSCA"), which routinely billed D.C. Medicaid for transportation services the company never provided or was never authorized to provide to Medicaid beneficiaries.
- **Tara D. Jackson**, 44 entered her plea of guilty to theft of mail matter by an officer or employee. **Jackson**, who faces up to six months of incarceration under the federal sentencing guidelines, is scheduled to be sentenced on April 27, 2006.

A detailed description of these and other cases from the 4th District are provided inside of this report.

THE 4TH POLICE DISTRICT



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4TH DISTRICT COMMUNITY PROSECUTION UPDATE



The U.S. Attorney's Office Community Prosecution Section is pleased to announce the return of Community Outreach Specialist Michelle McIver to the 4th District Community.

Michelle's mission is to help develop relationships between the U.S. Attorney's Office, the Metropolitan Police Department, local and federal agencies, organizations and the community; help organize crime reduction strategies and efforts with police and community; assist in educating the community on recent efforts and cases on behalf of the U.S. Attorney's Office that pertain to the 4th District; and provide paralegal support to both prosecutors and officers. In addition, Michelle will also serve as a representative for the U.S. Attorney's Office at monthly PSA, community and agency meetings, and will serve as a Ward 4 Core Team member.

Michelle will be working closely with 4th District Community Prosecutor Louis Ramos on a variety of issues such as nuisance property abatement, streamlining communication and efforts between the U.S. Attorney's Office and Metropolitan Police Department, and updating and educating citizens on case developments and the criminal justice system. Please contact Michelle or Louis with any questions or concerns that you may have: 2/576-5255.

Published Monthly by the U.S. Attorney's Office Community Prosecution Team

THE COURT REPORT

Michael St. John, 48, formerly of the 5400 block of First Street, NW, Washington, D.C., was sentenced on February 6, 2006 by the Honorable Brian Holeman in D.C. Superior Court, to two years in prison after pleading guilty to one count of arson in an incident that occurred in the summer of 2004. (Case No. 2005FEL003578; PSA 402)

On June 24, 2005, St. John set fire to a four-unit apartment building after his longtime girlfriend broke up with him. At the time, St. John shared an apartment with his girlfriend and their small child in the 5400 block of First Street, N.W. On the evening of June 24, St. John's girlfriend told him that she was leaving him. The defendant became very upset and the two argued. During the argument, St. John grabbed a gasoline can from the back porch of their apartment. When she saw the defendant's actions, the girlfriend and her child managed to escape from the apartment. The defendant then ignited the gasoline, and soon the entire building was ablaze. Several other families were at home that night, including numerous children, all of whom had to flee from the burning building. The building sustained approximately \$50,000 in damage, and all of the residents were forced to move out of their homes.

Please Note: Due to Superior Court's recent computer system conversion, there are no gun and drug cases to report for February 2006.

DISTRICT COURT CASES

Toni A. Mahoney, 52, of the 7000 block of 9th Street, NW, Washington, D.C., plead guilty on April 20, 2005, to receipt of a bribe by a public official. She was sentenced on February 5, 2005, by United States District Judge Richard Roberts. Mahoney was sentenced to three months in jail and three months of home confinement for her role. Mahoney's co-worker, Kyra T. Walker, 27, with whom she was engaged in the bribery scheme, also plead guilty to bribery and was sentenced earlier this week by Judge Roberts on January 30, 2006, to 12 months in jail.

Mahoney, 52, of the 7000 block of 9th Street, NW, Washington, D.C., pled guilty on April 20, 2005, to receipt of a bribe by a public official. She was sentenced yesterday by United States District Judge Richard Roberts. Mahoney's co-worker, Kyra T. Walker, 27, with whom she was engaged in the bribery scheme, also pled guilty to bribery and was sentenced earlier this week by Judge Roberts on January 30, 2006, to 12 months in jail.

As part of her plea, Mahoney acknowledged that, beginning in October 2003 through the Spring of 2004, while employed as a DMV clerk, Mahoney accepted bribes to produce titles and registrations for motor vehicles and to assist others working at the DMV to do the same. Mahoney agreed to produce the titles and registrations although she knew the vehicles were not

insured, did not have the appropriate paperwork attesting to prior ownership, lacked insurance, or had other problems associated with them.

Mahoney told law enforcement that she saw these bribe payments as “easy money.” In some cases, Mahoney worked with other employees at the DMV, accepting bribe payments and applications from her coworkers that had already been filled out with the VIN numbers, addresses and drivers’ license numbers of the people under whose names the title would be listed. Mahoney placed the information into the DMV computer system and was paid later in the day once the titles or vehicle registrations had been produced. Money orders were given to Mahoney to avoid the need for the customers to visit the cashiers who would ask for the documentation required for each transaction – DMV cashiers are the only employees authorized to take cash payments. The individuals returned to pick up the titles or vehicle registration plates. Many of the titles were mailed to the customer based on the address found on the application. Some of the same addresses were used on many different title applications. Once the transaction was completed, the initial paperwork was discarded.

The bribe amounts Mahoney accepted varied, but frequently were \$300 or more per transaction. Most of the vehicles for which Mahoney processed transactions were newer models and the subsequent investigation in this matter showed that a number of the vehicles had previously been stolen from the true owner.

Mahoney also admitted to accepting bribes from “runners” working with car dealers who did not want to take vehicles through inspections, which they knew they would not pass. Additionally, dealers brought her paperwork for salvaged vehicles, in order to receive “clean” District of Columbia titles, that is, titles without reference to any problems with the vehicles. By obtaining a “clean” title, the dealers were able to sell the vehicles for more money. Typically, the dealers would provide Mahoney applications for the vehicles, but would not provide other necessary documentation, including proof of insurance.

Akiuber Ndomoro James, 44, was arrested on February 3, 2005, following his indictment on charges of health care and wire fraud, false statements and money laundering stemming from his operating a transportation company, Voice of Social Concern, Inc. (“VSCA”), which routinely billed D.C. Medicaid for transportation services the company never provided or was never authorized to provide to Medicaid beneficiaries.

The 26-count indictment returned by a grand jury in U.S. District Court for the District of Columbia charges that James and VSCA submitted false invoices to D.C. Medicaid claiming that transportation services had been provided by VSCA to Medicaid beneficiaries (primarily elderly and disabled individuals), when, in fact, those services had not been provided, including in cases when the beneficiaries were deceased, had never used VSCA, or had discontinued using VSCA, or in cases when VSCA simply inflated the amount of services that were actually provided. VSCA also billed Medicaid for transporting individuals to various locations without receiving approval from D.C. Medicaid that the individuals needed or were otherwise entitled to transportation paid for by Medicaid.

James was arraigned on the charges this afternoon in U.S. District Court. If convicted, the defendant faces a maximum of 20 years in prison on the wire fraud counts, ten years each on the health care fraud and money laundering counts, and five years each on the false statements charges.

James, who operated the business from his apartment in the 3000 block of 15th Street, NW, hired several drivers, registered VSCA as a non-profit organization, and within a couple years the company became one of the top-billing health care transportation companies in the city -- billing Medicaid over \$1.5 million from 2002 through 2005. The indictment alleges that James used the money for his own personal benefit.

An indictment is merely a formal charge that a defendant has committed a violation of criminal laws. Every defendant is presumed innocent until and unless the defendant is found guilty.

Tara D. Jackson, 44 of the 3300 block of Ely Place, SE, Washington, D.C., entered her plea of guilty to theft of mail matter by an officer or employee, on February 6, 2006 in United States District Court before the Honorable Paul L. Friedman. The defendant, who faces up to six months of incarceration under the federal sentencing guidelines, is scheduled to be sentenced on April 27, 2006.

According to the statement of offense agreed to by Jackson and the government, between June 1, 2004 and July 29, 2005, Jackson was employed by the United States Postal Service as a Mail Processing Clerk assigned to the Curseen-Morris Processing and Distribution Center at 900 Brentwood Road, NE, Washington, D.C. In this capacity, Jackson handled thousands of pieces of U.S. mail per day as it passed through an Optical Character Recognition ("OCR") machine.

While employed at the Postal Service, Jackson developed a scheme in which she used her position as a mail processing clerk to gain access to the contents of numerous pieces of mail sent by U.S. Postal Service customers, enabling her to steal money orders and gift cards from various pieces of mail. A subsequent investigation by the U.S. Postal Inspection Service determined that Jackson used the money orders to pay her bills by writing her personal information on top of the original information contained in the money orders and sending them to her creditors. As a result of this scheme, Jackson obtained gift cards and money orders valued at \$6,308.73.

Rhonda Goodwin, 41, a bookkeeper, of Clinton, Maryland, has received a prison sentence following her guilty plea in June 2005 to conspiring with a woman she met in federal prison to defraud several businesses in the District of Columbia. Goodwin was sentenced February 3, 2005, in U.S. District Court by the Honorable Royce C. Lamberth to 46 months in prison for conspiracy to commit wire fraud. Goodwin admitted to conspiring with Rita Duncan, 45, of Silver Spring, Maryland to obtain funds by fraud from several businesses, including a District of Columbia dental practice. The court has ordered Goodwin to pay over \$200,000 in restitution to the companies she victimized. Duncan pled guilty to mail fraud in December, and will be sentenced in March.

According to the government's evidence, Goodwin and Duncan became acquainted while they were both incarcerated at Alderson Federal Penitentiary in West Virginia in 2001 and early

2002 for unrelated crimes of fraud. Following her release from prison, Goodwin was employed as an accountant at the Career College Association between June 2002 and May 2003. Thereafter, between June 2003 and about June 2004, Goodwin was employed as an accountant at the Watergate Dental Associates (“WDA”) in the District of Columbia.

Between about April 2002 and about April 2003, following her release from prison, Duncan became employed as an office worker at Vision and Conceptual Development Center (“VCDC”) in the District of Columbia. Later, from about October 2003 through about February 2004, Duncan worked as an office manager for the Center for Physical and Massage Therapy (“CPMT”), which is also in the District of Columbia. Duncan obtained employment at both VCDC and CPMT by means of false and misleading employment applications which included false claims relating to her employment history, references, and education. Among other false representations, the fictitious resume that Duncan submitted to VCDC and CPMT contained the name of Goodwin as a job reference.

Goodwin reviewed the resume and, upon being contacted by telephone by both VCDC and CPMT for a reference, praised Duncan’s work ethic and loyalty to her employers. Goodwin lied about Duncan’s work history and intentionally did not disclose the fact that she had met Duncan in prison while serving time for credit card fraud.

After submitting these employment applications, and in part because of Goodwin’s efforts, Duncan obtained employment with VCDC in about April 2002, and with CPMT in October 2003. After obtaining employment with these organizations, Duncan submitted applications in the names of her employers to credit card companies, including American Express and Capitol One Bank, falsely representing that her employers were seeking credit cards and/or had designated her as an authorized user of the cards. Duncan then used the credit cards obtained in the name of her employers to purchase goods and services including a car, airline tickets, personal Internet service, cellular phone service and clothing. On at least one occasion, Duncan purchased airline tickets for both herself and Goodwin to travel to Corpus Christi. Duncan’s conduct caused a loss to VCDC of an amount exceeding \$30,000.

In about June 2003, Goodwin obtained employment at WDA by means of a false and misleading employment application. The resume submitted to WDA included false claims relating to Goodwin’s employment history, references, and education. The resume also contained the name of Duncan as a job reference. Goodwin provided a copy of the fictitious resume to Duncan. Duncan reviewed the resume and, upon being contacted by WDA for a reference, stated that she had worked with Goodwin for 18 months and found her to be hard working, highly ethical and loyal to her employer. She also stated that Goodwin’s work product was always timely and accurate.

In about June 2003, Goodwin was hired and began employment with WDA. Once employed by WDA, Goodwin began writing checks to herself on WDA’s account and used a signature stamp in the name of a WDA doctor to endorse those checks. Goodwin then cashed the checks and used the money to purchase goods and services, including clothing, airline tickets, hotel accommodations, jewelry and other luxury items. Goodwin also falsified WDA’s accounting records to avoid detection of the scheme. As a result of this scheme, Goodwin misappropriated in excess of \$195,000 from WDA.

Gholam H. Kowkabi, 44, of Vienna, Virginia, pleaded guilty on February 10, 2006, in a \$2 million dollar mail, tax and bankruptcy fraud matter related to the collection and payment of District of Columbia sales taxes generated by his restaurants. Kowkabi a local restaurateur, entered a guilty plea in U.S. District Court for the District of Columbia before the Honorable John Bates to one count of mail fraud and one count of failure to pay over collected sales taxes to the District of Columbia. Under the terms of the agreement, Kowkabi will pay \$1,770,000 in restitution to the District of Columbia and Kowkabi have entered into a series of settlements that relate to his and his restaurants' liability which will resolve the pending bankruptcy related to Kowkabi and his establishments. A sentencing date has not yet been set.

According to the government's evidence, Kowkabi and four of his corporations were involved in a six-year scheme that defrauded the District of Columbia out of more than \$2 million in sales taxes that Kowkabi's restaurants collected from patrons, which he failed to turn over to the District of Columbia as required by law. Kowkabi was charged under the new District of Columbia 10-year felony punishing those who fail to pay over sales tax. This case marks the first felony prosecution under this statute, which the Mayor and City Council enacted in 2000 specifically to root out gross abuses of trust.

United States Attorney Wainstein stated, "Among the series of important tax cases recently undertaken by District and federal authorities, none is more important than our prosecution of this restaurateur who violated the public trust to pay over sales tax that he received from his patrons. Today's conviction was a very successful conclusion to this case. Under the terms of the guilty plea, the District will receive its lost revenue, the defendant will be held accountable with a significant prison sentence, and all restaurant or nightclub owners who might be tempted to abuse their public trust will be put on notice that sales tax fraud is a serious crime that has serious consequences."

"This is a serious area of concern and tax cheaters will be penalized to the fullest extent of the law," said Deputy Chief Financial Officer for Tax and Revenue Sherryl Hobbs Newman. "Tax evasion represents theft from the District and impacts our ability to provide vital services to citizens."

Restaurants located in the District of Columbia are required by law to collect as sales tax 10 percent (10%) of the bill for the food and beverages from each diner. This money is collected on behalf of the District of Columbia and must be held in trust for the District of Columbia. Each month restaurants are required to account for the money they have collected from each diner and are required to pay over the sales tax revenue they have collected to the District of Columbia's Office of Tax and Revenue.

Each restaurant in the District of Columbia must make an honest and accurate accounting of the sales taxes it has collected and certify that accounting under penalty of perjury. This is done by filing a "Sales and Use Tax Monthly Return," form with the D.C. Office of Tax and Revenue.

In this matter, beginning in 1998 and continuing through 2005, Kowkabi owned the following four restaurants and one nightclub within the District of Columbia:

- Entertainment Management, Inc., doing business as Sole Restaurant, located at 3050 K Street, NW;
- Restaurant Piccolo, Inc., doing business as Restaurant Piccolo, located at 1068 31st Street, NW;
- Alamo Grill of Georgetown, Inc., doing business as Alamo Grill, located at 1063 31st Street, NW; and
- Parasi, Inc., *aka* Elba, Inc., and doing business as Tuscana West, located at 1350 “I” Street, NW.

Kowkabi, as part of his scheme, would instruct his employees to collect from his diners and patrons the full 10% due and owing on all sales of meals and drinks served at his restaurants. However, instead of paying over the money, Kowkabi allegedly diverted roughly 80% of the funds for his own use. Over a six-year period, Kowkabi converted at least \$2 million of the sales tax he charged to his diners.

In order to cover his tracks, Kowkabi intentionally filed false monthly sales figures on the forms that were submitted to the D.C. Office of Tax and Revenue on behalf of Restaurant Piccolo, Alamo Grill, Sole Restaurant, and Tuscana West. These reports falsely understated the sales tax that the restaurants had collected from diners for each month. Kowkabi would then send the District of Columbia a check for the understated amount. Pursuant to the plea agreement, Kowkabi acknowledged that he knew that these reports were false and that he was paying only a portion of the money that had truly been collected at each restaurant because he kept detailed, daily books and records of accounts at the restaurants and nightclub which tracked the actual amount of money collected from diners at the restaurant as well as the true amount of sales tax owed to the District of Columbia.

Larry J. Solomon, 52, of Old Prospect Hill Road, Glen Dale, Maryland, pled guilty on February 17, 2006 in U.S. District Court before the Honorable Richard W. Roberts to false statements in regard to health care in the District of Columbia. Solomon a local physician assistant made false statements regarding his criminal background in an application to Medicare to become a Medicare provider. Solomon is scheduled to be sentenced on May 5, 2006, faces a maximum sentence of five years of incarceration.

According to the statement of offense agreed to by Solomon and the government, between February 2001 and May 2005, Solomon was a physician assistant who provided services in the District of Columbia. BPS Medical and Rehabilitation, P.L.L.C. (“BPS Medical”) was incorporated in the District of Columbia. Among other services, BPS Medical provided health care to the public through home visits to senior citizens living in private and public residential buildings throughout the District of Columbia. BPS Medical and Solomon participated in the Medicare and Medicaid programs. Both Medicare and Medicaid are “health care benefit programs” as defined in 18 U.S.C. Section 24(b).

On or about May 31, 2002, Solomon knowingly stated in his application to Medicare for BPS Medical to become an authorized Medicare provider that he had no adverse legal history.

This was a materially false statement because, in fact, Solomon had been convicted of Medicaid fraud in the state of Maryland on or about October 24, 1988, for submitting claims for dates on which no services were provided and for failing to be directly supervised by a physician as required.

Noureddine Chtaini, 30, formerly of Northwest Washington, D.C. was sentenced to thirteen years and one month in prison and ordered to pay restitution of \$361,000 to the banks that were robbed. Chtaini the primary cooperating defendant in a serial bank robbery case that went to trial in U.S. District Court last year. Chtaini was sentenced before U.S. District Court Judge Colleen Kollar-Kotelly on February 17, 2006.

After an emotional sentencing hearing, in which one of the victims directly addressed the defendant, U.S. District Court Judge Colleen Kollar-Kotelly heard argument from prosecutors that he should be given credit for his cooperation with the government in the investigation and prosecution. In the end, Chtaini, 30, formerly of Northwest Washington, D.C., was sentenced to thirteen years and one month in prison and ordered to pay restitution of \$361,000 to the banks that were robbed.

Chtaini was sentenced for his role in six bank robberies (four in D.C., two in Maryland), an assault with intent to kill in D.C., two armed car jackings that occurred in Maryland and one in Virginia. Chtaini was arrested on July 11, 2004, in Virginia. Following his arrest, he provided information that led to the apprehension of numerous defendants in the then-ongoing series of bank robberies and led to the seizure by law enforcement of numerous assault weapons, body armor and other items being used in the robberies.

Last Spring and Summer, six defendants — Miquel Morrow, Lionel Stoddard, Carlos Aguiar, Bryan Burwell, Aaron Perkins and Malvin Palmer — went to trial before Judge Kollar-Kotelly in District Court. During that trial, Chtaini was called by the government as a witness and was on the stand for over two weeks. On July 15, 2005, the jury returned guilty verdicts against all defendants, finding them guilty of numerous offenses, including conspiracy to participate in a Racketeer Influenced Corrupt Organization (RICO), substantive bank robbery and weapons violations, stemming from the defendants' commission of six bank robberies in the metropolitan area. One defendant was also convicted of an assault that took place in connection with the defendants' criminal activities. The defendants are expected to be sentenced later this Spring by Judge Kollar-Kotelly.

The RICO conspiracy charged that the six defendants, and others, participated in the following six armed bank robberies in D.C. and Maryland:

January 22, 2004, Bank of America, 5911 Blair Road, NW, Washington, D.C., in which approximately \$144,000 was taken;

March 5, 2004, Riggs Bank, 7601 Georgia Avenue, NW, Washington, D.C., in which approximately \$92,000 was taken;

May 10, 2004, Chevy Chase Bank, 3601 St. Barnabus Road, Temple Hills, Maryland, in which approximately \$54,000 was taken;

May 27, 2004, Chevy Chase Bank, 5823 Eastern Avenue, Chillum, Maryland, in which approximately \$18,000 was taken;

June 12, 2004, Industrial Bank, 2012 Rhode Island Avenue, NW, Washington, D.C., in which approximately \$30,000 was taken; and

June 29, 2004, SunTrust Bank, 5000 Connecticut Avenue, NW, Washington, D.C., in which approximately \$23,000 was taken.

Defendant Morrow was also convicted of an assault with intent to kill on May 15, 2004, in Northwest Washington, D.C., of an individual who allegedly stole a weapon from the criminal enterprise.

Ricardo T. Lacy, 21, of Upper Marlboro, Maryland, was sentenced on February 27, 2006 before the Honorable Reggie B. Walton in U.S. District Court. Lacy received a 120 - month prison term for federal narcotics trafficking violations. In November 2005, Lacy was convicted by a federal jury of distribution of 50 grams or more of cocaine base, one count of distribution phencyclidine (PCP), one count of distribution of 100 grams or more of phencyclidine (PCP), one count of distribution of 100 grams or more of phencyclidine (PCP) and one count of theft.

The evidence at trial showed that on June 29, 2004, members of the Metropolitan Police Department's (MPD) Major Narcotics Branch, working with a confidential informant, placed a consensually monitored telephone call to the defendant, Ricardo T. Lacy. During that conversation, Lacy agreed to sell to undercover MPD officers a quantity of cocaine base, also known as crack, and a quantity of phencyclidine (PCP). Arrangements for the sale were made. Lacy then met with an undercover MPD officer and sold him approximately 62 grams of cocaine base and explained to the officer that he was not then in possession of the PCP. The sale of cocaine base was captured on audio- and videotape. Later that day, on June 29, 2004, Lacy again contacted the undercover officer and informed him that he was now in possession of the PCP. Lacy then met with the undercover officer and sold him approximately four ounces of PCP. Again, the telephone conversation and the sale of PCP were captured on audio- and videotape.

On July 9, 2004, Lacy met again with the undercover officer and sold 112.0 grams of a mixture and substance containing PCP. The telephone conversation arranging the deal and the sale of PCP were captured also on audio- and videotape.

On October 13, 2004, undercover MPD officers arranged a final purchase of cocaine base and PCP with Lacy. When the undercover officer arrived, Lacy entered the car with a bag and placed it on the back seat of the undercover car. The undercover officer handed \$5,000 to Lacy and instructed him to wait while he retrieved the rest of the money owed from the trunk of the car. The undercover officer got out of the car, which was the pre-arranged arrest signal, and the arrest teams moved in to arrest the defendant. Lacy struggled with the undercover officer and attempted to reach inside his jacket. Lacy was finally subdued and a loaded weapon with one round chambered was removed from his jacket. The bag Lacy gave to the undercover officer was examined and found not to contain any controlled substances.

Otto Antonio Gutierrez, Jr., 54, the former Chief Administrative Accountant for the Inter-American Development Bank (“IDB”), has pleaded guilty to embezzling more than \$400,000, on February 17, 2006.

Gutierrez, pleaded guilty yesterday in U.S. District Court for the District of Columbia to a one-count Information charging Wire Fraud. In pleading guilty, Gutierrez, 54, admitted that he embezzled more than \$400,000 from the IDB while working in IDB’s Administrative Accounting Section.

The IDB is a public international organization whose shareholders are the governments of 47 countries, including the United States of America. The IDB’s purpose is to contribute to the acceleration of economic and social development of its regional developing member countries. The IDB relies upon public and private investors to fund its projects through the issuance of interest-bearing bonds.

Gutierrez, a native of Costa Rica, was employed by the IDB, in its Washington, D.C. headquarters, for more than 30 years. He started in 1975 as a messenger. While he worked at the IDB, Gutierrez earned a Bachelor’s degree in economics and a Master’s degree in Development Banking. In 1997, he was promoted to Chief of the Administrative Accounting Section where he oversaw the yearly payment of more than \$100 million in administrative expenses and supervised as many as 20 other individuals.

In 1995, before he was elevated to Chief, Gutierrez began his scheme of creating fictitious vendor accounts and directing payments to be made for his benefit. Paper checks made payable to these fictitious vendors were deposited by Gutierrez into bank accounts that he controlled. As technology advanced and payments were made electronically, Gutierrez directed the transfer of funds from IDB’s bank account into several accounts in his own name. Gutierrez succeeded in hiding his theft for many years by debiting an accrual account that he knew was not subject to regular reviews.

When IDB discovered Gutierrez’s theft, they swiftly referred the matter to law enforcement authorities.

Gutierrez will be sentenced by the Honorable John Garrett Penn on April 25, 2006. He faces a maximum term of imprisonment of twenty years and a fine of \$846,000. Under the federal sentencing guidelines, he is facing a likely sentence of between 37 to 51 months in prison. Gutierrez has agreed as part of his plea agreement to make restitution to IDB in the amount of \$423,283.

Roger Augusto Sosa a citizen of El Salvador, has received 105 months in prison, the maximum sentence called for by the Federal and District of Columbia Sentencing Guidelines, following his guilty plea to one count of Unlawful Reentry after Deportation for an Aggravated Felony Conviction and one count of Attempted Third Degree Sexual Assault. Sosa, 32, was sentenced in U.S. District Court on Friday, February 17, 2006, by the Honorable Henry H. Kennedy, Jr.

According to the government's evidence, Sosa originally entered the United States in 1989. Following two convictions for Third Degree Burglary in 1997 in the Circuit Court for Montgomery County — one of which involved the defendant breaking into a home on Christmas day while the family was still inside — he was deported and expressly warned not to return to the United States without permission. Nevertheless, on July 3, 2004, Sosa illegally reentered the United States without permission.

Less than four months after illegally reentering the United States, Sosa came to Washington, D.C., and sexually assaulted a woman one block from her apartment. In the early hours of October 16, 2004, the victim was walking near the intersection of Tenth and L Streets in Northwest D.C. (PSA 101). Sosa approached, grabbed, and pushed the victim to the ground, whereupon he attempted to engage in sexual contact with her. When the victim began to scream, Sosa strangled her with one arm rendering her speechless, and held her in place with his other arm. Fortunately, members of the Metropolitan Police Department were in the area, saw a portion of the struggle, and responded immediately. Police chased and captured Sosa.

Narase Bob Oudi, a former District of Columbia contracting officers, has been indicted by a federal grand jury on extortion, bribery and fraud charges announced United States Attorney Kenneth L. Wainstein, Joseph Persichini, Jr. Acting Assistant Director in Charge of the FBI's Washington Field Office, and D.C. Inspector General Charles J. Willoughby.

Oudit, 50, of Washington, D.C., was charged today by a federal grand jury in the District of Columbia on one count of extortion, four counts of bribery, and four counts of honest services fraud. The indictment alleges that between early 2002 and February 2003, Oudit used his position as a project manager in the District of Columbia's Office of Property Management ("OPM") to demand over \$300,000 in bribes from construction contractors. Oudit will be arraigned before the Honorable Paul L. Friedman, at a date to be determined. If convicted of the charges, he faces a likely sentence of approximately five years in prison under the federal sentencing guidelines.

"This defendant capitalized on his position as a public servant by brazenly demanding bribes from contractors who worked on public construction projects. Thanks to fine investigative efforts by the FBI and the D.C. Inspector General's Office, the defendant will now face justice for his violation of the public trust," said United States Attorney Wainstein. "This prosecution reflects our continuing resolve to ensure that the citizens of the District of Columbia have a government that is free of corruption."

According to the indictment, Oudit was a General Engineer at OPM, where he oversaw construction projects for the Department of Parks and Recreation. Oudit supervised the performance of contractors and had the ability to inflict financial harm upon contractors or to reward them. Oudit supervised construction at the North Michigan Park, Sherwood Recreation Center, and Kenilworth Recreation Center projects.

The indictment alleges that Oudit demanded bribes from contractors at each of these three projects.

Specifically, Oudit is alleged to have demanded \$294,000 from a contractor at North Michigan Park, threatening not to approve a necessary time extension. The contractor paid Oudit \$13,500 in FBI funds. After not receiving the balance, Oudit informed the contractor's bonding company that OPM was prepared to terminate the contract. Regarding Sherwood Recreation Center, Oudit allegedly demanded that a contractor submit a fraudulent request that a \$312,519 subcontract be awarded to a construction company that Oudit controlled. Finally, Oudit is charged with demanding that a third contractor, who was installing gymnasium floors at North Michigan Park and Kenilworth Recreation Centers, pay \$38,500 to the construction company that Oudit controlled.

An indictment is a formal accusation that someone has committed a crime. All defendants are presumed innocent until proven guilty.

Robert E. Quinn, a sales executive for a forklift truck manufacturer based in Lexington, Kentucky, has been sentenced to 39 months in prison for violating the trade embargo against Iran.

Quinn, 54, of Lexington, Kentucky, received his sentence today in U.S. District before the Honorable John D. Bates, who also fined the defendant \$6,000. Quinn was found guilty by a federal jury in the District of Columbia on December 7, 2005, of one count of conspiring to violate the U.S. trade embargo against Iran and five counts of illegal exports to Iran.

United States Attorney Wainstein stated, "This sentence should serve as deterrent for anyone in the United States contemplating violating the embargo against Iran. The embargo is in place as part of the bulwark ensuring national security. We will continue to enforce the embargo and other export laws aggressively."

In October 2005, a federal grand jury in the District of Columbia returned a six-count superseding indictment against Quinn and Michael H. Holland, also of Lexington, Kentucky, and Mohammed A. Sharbaf, of Iran, charging them with violating the United States embargo on trade with Iran. Quinn and Holland were sales executives employed by Clark Material Handling Corporation ("CMHC"), a Kentucky-based forklift truck manufacturer. Sharbaf is President and Managing Director of Sepahan Lifter, a forklift truck manufacturer in Esfahan, Iran.

The government's evidence at trial showed that, beginning in February 2003, Quinn, who served as the former Vice-President of Global Parts Marketing for CMHC, agreed with Sharbaf to supply forklift and tow tractor parts to Sepahan Lifter. In order to circumvent the embargo, Quinn and Sharbaf arranged for the goods first to go to Sharp Line Trading, a broker in Dubai, United Arab Emirates, after which Sharp Line would immediately re-export the parts to Sepahan Lifter in Iran. Khalid Mahmood, Sharp Line's president, previously pled guilty to related charges and testified for the government at trial. Between March 2003 and December 2003, Quinn directed five shipments of CMHC parts to Iran through Sharp Line in Dubai.

The jury acquitted co-defendant Michael Holland of all charges. Charges remain outstanding against the second co-defendant, Mohammed A. Sharbaf.

Under the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1706, and the Iranian Transaction Regulations, 50 C.F.R. Part 560, all exports to Iran of U.S.-origin

commodities are prohibited absent authorization in the form of an export license from the Office of Foreign Assets Control ("OFAC") of the Department of the Treasury. It is also unlawful to ship U.S. origin products to a third country and then re-export them to Iran without the necessary authorization from OFAC. These prohibitions have been in place since 1995.

Stanley Krejci, the former Chief Operating Officer of a local search firm, has been sentenced to twelve months and a day in jail to be followed by one year of supervised release for embezzling from his company's employee pension plan.

Krejci, 63, was sentenced today in U.S. District Court before the Honorable Emmet G. Sullivan, who also ordered that the defendant pay for the costs of his incarceration, his supervised release, and for attorney's fees for his two victims. Krejci, who pled guilty on September 28, 2005, unlawfully used the money to meet operating expenses of the company.

"Theft of employee benefit assets is a serious crime and will be prosecuted," said Ann L. Combs, Assistant Secretary of Labor for the Employee Benefits Security Administration. "The Department of Labor is committed to protecting workers' benefits."

As a part of his plea, Krejci stipulated that from on or about January of 1996 through at least May of 2000, he worked as the President and Chief Operating Officer of The Interface Group, a small executive search firm located in Washington, D.C. As part of his responsibilities, he formally assumed the position as the sole administrator, Trustee, and fiduciary for Interface's bifurcated pension plan, comprised of a Profit Sharing Plan ("PSP") and a Money Purchase Plan ("MPP").

The plan had several participants, including Interface's founder, executive search consultant, and its office administrator. Each qualified for and participated in the Plan. During Krejci's tenure at Interface, the firm experienced varying degrees of financial instability, incurring costs, liabilities, and expenses that exceeded company revenues and assets. These financial challenges threatened Interface's continuing viability, and Krejci struggled to keep the company solvent. Krejci began to fund firm operations with the founder of Interface's Plan monies, albeit with his knowledge and authorization, and which the Plan rules permitted him to take without penalty. During the course of this conduct, more than \$700,000 of the founder's funds were used to maintain Interface. Krejci did not inform the founder, however, when others' retirement funds began to be expended in this fashion.

Though Krejci had access to Plan account statements and other financial information related to the Company's operations -- including periodic reports from a third-party Plan administrator -- he did not monitor the use of the founder's funds as ERISA requires. In addition, Krejci also did not track Plan account balances so as to know: how much money each Plan participant had in the fund prior to writing checks from those accounts; when said withdrawals had exhausted Plan monies belonging to the founder; and consequently, when, commencing in the fall of 1999, the executive search consultant and the office administrator's monies were being drawn upon to maintain the company's operations. Their combined Plan holdings totaled more than \$100,000. Nevertheless, Krejci's execution of some 30 checks against Plan funds nearly emptied its accounts. As a result of the conduct described above, Krejci converted \$100,539.87 belonging to the executive's for the use of the Company. Neither

woman authorized the use of their Plan funds. Krejci should have known that ERISA dictated that he hold, protect, and use such funds solely in a fashion consistent with the Plan's authorizing documents and the legitimate retirement purposes defined by ERISA.

Mitchell Wade, the former owner of MZM, Inc., a major defense contractor based in the District of Columbia, has pleaded guilty to bribing former Congressman “Duke” Cunningham, corrupting defense officials, and election fraud.

Wade, 46, of Great Falls, Virginia, entered his guilty plea earlier today in U.S. District Court before the Honorable Ricardo M. Urbina to multiple felony counts related to his wholesale corruption of the defense procurement process. The conduct includes Wade making over \$1 million in payoffs to then-Congressman Duke Cunningham, providing illegal benefits to Defense Department officials, and attempting to curry favor with two other members of Congress by making illegal campaign contributions.

Specifically, Wade pled to a four-count information, including one count of conspiring both to bribe Congressman Randall "Duke" Cunningham and to tax evasion; one count of Use of Interstate Facilities to Promote Bribery; one count of conspiring to deprive the Defense Department of the honest services of its employees; and one count of election fraud. Under the terms of the agreement, Wade, who has been cooperating with officials in this ongoing investigation, faces up to 135 months of incarceration. A sentencing date has not yet been set.

United States Attorney Wainstein stated, “The Department of Justice and this Office have made combating corruption within the multi-billion dollar defense contracting industry a top priority. Today's prosecution makes the clear statement that legislators, civil servants and defense contractors alike have a duty to maintain the integrity of the defense appropriations and contracting process. Those who violate that duty can expect to be investigated, prosecuted and sent to prison.”

Defense Criminal Investigative Service Special Agent in Charge McMillan stated, “The American public expects the Department of Defense and other government agencies to manage an acquisition system that is devoid of corrupt behavior and influence. We are committed to dedicating the necessary resources to identify, investigate and prosecute the corrupt actions of public officials and contractors.”

Acting Assistant Director in Charge Persichini added, "The American people are entitled to lawful and ethical public service. The FBI will continue to apply resources to achieve that goal."

According to the government's evidence, Wade grew his company, MZM, into a defense contracting company that, since 2002, received over \$150 million in Department of Defense government contracts by engaging in a series of corrupt acts throughout the defense procurement process: from ensuring that the members of Congress who could appropriate funds for special Defense Department projects looked favorably on MZM, to the Department of Defense officials -- some of whom Wade knew when he was a government official -- who could give him favorable reviews and inside information to ensure that the work would continue to flow.

Wade was able to exploit the procurement system in three distinct ways: by bribing a sitting United States Congressman; by conspiring to give favors to Department of Defense officials responsible for procuring services from Wade's company; and by funneling illegal campaign contributions to two Members of Congress.

Bribery of Congressman Cunningham

Randall "Duke" Cunningham was a powerful member of the Defense appropriations subcommittee, and Wade understood that Cunningham had the ability to make or break MZM. In order to become a Cunningham favorite in the use of special Congressional appropriations, Wade:

- showered the Congressman with many types of gifts, including checks, cash, rugs, antiques, furniture, yacht club fees, boat repairs, and the use of a Rolls Royce;
- Wade also purchased Cunningham's house at a wildly inflated price and arranged for Cunningham to live on a yacht, the "Duke-Stir," anchored in the Potomac.

Wade paid these bribes, totaling over \$1 million, in order to;

- receive special consideration in Cunningham's use of his special defense appropriations; and
- to pay for Cunningham's use of his power in an effort to steer funds and contracts to MZM.

Cunningham has pled guilty to bribery conspiracy, and will be sentenced in San Diego on Friday, March 3.

Corrupt Activities within the Department of Defense

One key to MZM's ability to receive government contracts was an umbrella contracting vehicle called "Blanket Purchase Agreement" and known in the field as a "BPA." A BPA is a contract vehicle that permitted the Defense Department and other departments and agencies to obtain supplies and services on an as-needed basis through a "charge account" system. Operating under a BPA, MZM and Wade were shielded from the normal competitive bidding process used in government procurement and could solicit business from government components directly.

In September of 2002, MZM received its BPA from the Defense Information Technology Contracting Organization, with the acronym "DITCO," making MZM eligible to receive up to \$225 million by performing work for Defense Department customers.

The next step was for Wade to arrange for Defense Department officials to buy what he was selling. Wade extended his corrupt behavior into the Defense Department to ensure that the business kept coming regardless of MZM's performance. Wade, himself a former Defense Department employee, knew a number of individuals within the Defense Department who could help him. Wade convinced two Defense Department components, the Counterintelligence Field

Activity (CIFA), located in Arlington, Virginia, and the Department of the Army's National Ground Intelligence Center (NGIC), located in Charlottesville, Virginia, to provide task orders that MZM could perform under the BPA.

Wade then shielded MZM from the normal performance review by crossing the line into corrupt activities. Wade's activities included:

- arranging for a Defense Department official's son to be hired as an MZM employee; the cost of that job was ultimately paid for by the government in reimbursement agreement with MZM; and
- extending an offer of employment, and then ultimately hiring, a Department of Defense official who was responsible for overseeing much of MZM's work. Federal law prohibits government employees from, among other things, discussing potential employment with companies with whom they do government business.
- Certain Department of Defense employees provided:
 - valuable procurement information that MZM could use to tailor a proposal for work that MZM could perform under the BPA;
- an official recommendation that MZM receive contracts under the BPA for certain activities involving the imaging and archiving of Defense Department documents; and
- favorable performance reviews about MZM. These performance reviews were critical to MZM. Notwithstanding the fact that Wade received these purchase orders without competitive bidding as a result of his earlier receipt of the \$225 million BPA, MZM could not be assured that they would continue to receive new purchase orders without receiving these type of favorable reviews by Defense Department officials.

In engaging in this corrupt activity, Wade deprived the citizens of the United States of their right to the honest services of government -- the right of the Defense Department to make decisions free from bias and favoritism.

Illegal Campaign Contributions

Wade also made about \$80,000 in illegal campaign contributions to the campaigns of two sitting Members of Congress. Wade targeted these two Members of Congress because he believed that these representatives had the ability to request appropriations funding that would benefit MZM.

Federal law prohibits campaigns from receiving more than \$2,000 from any one individual per election, and prohibits entirely corporate contributions. Wade wanted to curry favor with these two members of Congress, so he needed a way around the campaign contribution laws. His solution was to have his employees and their spouses make contributions

to these two campaigns under their own names, then reimburse them -- a technique, known as "straw contributions" that is a felony under federal election law when the straw contributions amount to over ten thousand dollars. He did so often by simply handing the employees cash -- two thousand dollars for each person -- and then immediately "asking" them to make a contribution. All in all, he made 39 different "straw" contributions, with 19 different employees or spouses. In order to maximize the impact of these contributions, Wade personally handed a number of the campaign contributions, in the form of personal checks from employees and their spouses, to one of the representatives.

After Wade made the campaign contributions, Wade asked that one of the Representatives and his staff request appropriations funding for an MZM facility. The Representative's staff later confirmed to Wade that an appropriations bill would include \$9 million for the facility.

After making the illegal campaign contributions to the other Representative, Wade had a personal dinner with the Representative, in which the two discussed the possibility of MZM's hosting a fundraiser for the Representative later in the year, and the possibility of obtaining funding and approval for a Navy counterintelligence program. That program was never funded.

Wade did not inform the two Representatives that the contributions were illegal.

Kimberly Howard, 26 of the 700 block of Gresham Place, N.W., Washington, D.C. was sentenced on Friday, February 17, 2006, by U.S. District Court Judge Henry H. Kennedy, Jr., in connection with her November 17, 2005, guilty plea to conspiracy to commit credit card fraud. Judge Kennedy sentenced Howard to three years of probation with six months of home detention. The Court also ordered the defendant to pay restitution in the amount of \$125,748.32.

Howard, 26, of the 700 block of Gresham Place, NW, Washington, D.C., was sentenced on Friday, February 17, 2006, by U.S. District Court Judge Henry H. Kennedy, Jr., in connection with her November 17, 2005, guilty plea to conspiracy to commit credit card fraud. Judge Kennedy sentenced Howard to three years of probation with six months of home detention. The Court also ordered the defendant to pay restitution in the amount of \$125,748.32.

According to the government's proffer of evidence at the time of the plea, with which Howard agreed, between August 2003 and January 2004, Howard, stole receipts containing credit card numbers and expiration dates ("victim information") from the Magruder's grocery store, located at 5626 Connecticut Avenue, NW, Washington, D.C., where she worked as a cashier. After obtaining the receipts, Howard provided the victim information to a co-conspirator in exchange for money. The co-conspirator would then identify individuals who were actively renovating homes and in need of building supply materials and home appliances. One or more co-conspirators used the victim information to purchase merchandise from stores located outside the District of Columbia and requested that the purchased merchandise be delivered to various addresses within the District of Columbia.

It was a further part of the conspiracy that upon receipt of the merchandise, the recipients of the merchandise would pay a co-conspirator a cash amount equal to approximately one-third

the retail value of the merchandise received. In addition, a co-conspirator would pay other co-conspirators a portion of the cash received from the recipients. Howard, along with her co-conspirators, obtained and used credit card information from more than 50 individuals and purchased or attempted to purchase merchandise valued in excess of \$200,000.

Lyndon A. Derouen, 42, of Suitland, Maryland, plead guilty yesterday in U.S. District Court before Magistrate Judge John M. Facciola. The defendant was arrested on January 12, 2006, by agents from the Postal Inspection Service and the Office Inspector General (“OIG”) pursuant to a warrant for the theft. He faces up to 10 years in prison on his plea when he is sentenced by United States District Judge Collen Kollar-Kotelly in June of this year, although he probably will receive significantly less time or even probation under the federal sentencing guidelines.

According to the statement of offense filed in this matter, which was agreed to by the defendant, the United States Postal Service (“USPS”) operated the Friendship Station Post Office at 4005 Wisconsin Avenue, NW, in the District of Columbia (“the Post Office”). The defendant was employed as a Sales and Service Associate at the Post Office who had within his duties the sales of postage stamps to the general public. From about September of 2005, until about January of 2006, the defendant devised a scheme to embezzle and misappropriate postal funds. It was part of the scheme that the defendant repeatedly and on a regular and continuing basis, when conducting postage stamp sales to the public, would manipulate his cash register showing a sale, but where the defendant would simply pocket the cash from the sale for his personal use.

By way of example, videotape monitoring of the defendant for the period of December 21, 2005, through January 9, 2006, showed that the defendant failed to report at least 125 transactions for a total of \$3,281.69 in postage sales. The defendant was observed on videotape removing money from his cash drawer and placing it in his pants pocket on at least 29 occasions.

On January 12, 2006, the defendant gave a statement to the investigators in this matter. In his statement, the defendant admitted illegally taking the postal funds since the end of October of 2005. He admitted that he did this through manipulating his cash register during the stamp sales.

The investigators in this matter documented that the defendant illegally took, during the period September of 2005 to January of 2006, \$12,166.85 in postal funds.

U.S. Attorney’s Office Web site

The United States Attorney’s Office maintains a web site with additional information concerning Office personnel and activities. The web site is: www.DCcommunityprosecution.gov

Please Note: Due to Superior Court’s recent computer system conversion, there are no papered arrests to report for February 2006.